

Message Text

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PAGE 01 SANTO 01808 181634Z
ACTION ARA-10

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FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC 332

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FOR ADMINISTRATOR FROM MISSION DIRECTOR

E.O. 11652: N/A
SUBJECT: FY 1979 PROGRAM GUIDANCE

REF: STATE 080342

1. YOUR HEARTENING AND INSTRUCTIVE MESSAGE OF APRIL 9 ADDRESSES THE MAJOR QUESTIONS OF INTEREST AND CONCERN HERE AND REINFORCES THE GENERAL PRECEPTS UNDER WHICH WE ARE DEVELOPING OUR FY 1979 PROPOSALS. US/AID ACTIVITIES IN THE DOMINICAN REPUBLIC ARE DESIGNED TO HAVE A DIRECT IMPACT ON THIS COUNTRY'S RURAL POOR WHO MAKE UP MORE THAN 50 PERCENT OF ITS TOTAL POPULATION. THE "NEW DIRECTIONS" MANDATE MAKES SENSE FOR AID IN THE DOMINICAN REPUBLIC NOT ONLY FROM THE POINT OF VIEW OF REFLECTING AMERICAN IDEALS AS YOU MENTIONED IN YOUR CABLE, BUT ALSO FOR THE PRACTICAL REASON THAT IT COMPLEMENTS THE LENDING PROGRAMS OF INTERNATIONAL AGENCIES AND FOCUSES ASSISTANCE ON PROBLEMS WHICH ARE NOT ADEQUATELY ADDRESSED BY THEM. THROUGH THIS APPROACH WE ALSO PLAY A ROLE IN INFLUENCING THE GODR TO PAY MORE ATTENTION TO THESE PROBLEMS.

2. ON THE BASIS OF OUR EXPERIENCE HERE WE BELIEVE THAT THE CONGRESSIONAL PERCEPTION THAT THE AGENCY HAS BEEN HALF-HEARTED IN ITS IMPLEMENTATION OF THE MANDATE MAY REFLECT TO SOME EXTENT THE COMPLEXITY OF THE DEVELOPMENT PROCESS. THE
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PAGE 02 SANTO 01808 181634Z

EMPHASIS YOUR CABLE PLACES ON EQUITY AND GROWTH AS A SINGLE GOAL RATHER THAN TWO COMPETING GOALS PUTS THESE IN THEIR PROPER PERSPECTIVE AND MAY HELP RECONCILE CONFLICTING APPRAISALS OF SOME AID PROGRAMS.

3. WE WELCOME YOUR VIEW THAT PROGRAM PROPOSALS NEED NOT NECESSARILY CONTINUE AT THE SAME LEVELS. IMPACT OF INFLATION ON VALUE OF

OUR DOLLARS, TOGETHER WITH INCREASING OUTFLOW FROM GODR TO SERVICE OUR PREVIOUS LOANS, ARE TWO OF SEVERAL FACTORS WHICH WOULD SUPPORT THE IDEA OF HIGHER PROGRAM LEVELS HERE.

4. AS A FINAL COMMENT, WE TAKE PARTICULAR INTEREST IN ANY REFERENCE TO "MIDDLE-INCOME" COUNTRIES SINCE THE DOMINICAN REPUBLIC SEEMS TO FALL INTO THAT CATEGORY. HOWEVER, IN MANY WAYS, THIS IS AN ARTIFICIAL DESIGNATION. THE DOMINICAN REPUBLIC HAS MADE IMPRESSIVE STRIDES IN ECONOMIC DEVELOPMENT OVER THE LAST TEN YEARS. THIS GROWTH IS REFLECTED IN ITS PER-CAPITA GNP. WHAT THE GNP FIGURES DON'T SHOW IS (1) THE FRAGILITY OF THE INSTITUTIONAL STRUCTURE WHICH IS EXPECTED TO SUSTAIN THIS GROWTH, OR (2) THE POVERTY OF THE GREAT MAJORITY OF DOMINICANS. THE ESTABLISHMENT OF ARBITRARY DIVIDING LINES BASED ON GNP FIGURES TO DISTINGUISH "POOR" COUNTRIES FROM "MIDDLE-INCOME" COUNTRIES PRESUPPOSES A DRAMATIC ECONOMIC AND SOCIETAL TRANSFORMATION WHICH CAN OCCUR ONLY AFTER CONTINUING GROWTH OVER A SUSTAINED PERIOD. EVEN THOUGH THE DOMINICAN REPUBLIC MAY NOW BE CLASSIFIED AS A "MIDDLE INCOME" COUNTRY, MOST OF ITS NEEDS CONTINUE TO BE THE KIND ASSOCIATED WITH LOW-INCOME COUNTRIES. ITS FOREIGN EXCHANGE EARNING CAPACITY, ITS RATE OF ECONOMIC GROWTH AND ITS ABILITY TO FINANCE ITS BUDGET ARE ALL TIED TO A FACTOR OVER WHICH IT HAS NO CONTROL -- THE PRICE OF SUGAR. UNTIL PRODUCTION PATTERNS AND EXPORTS CAN BE DIVERSIFIED OR UNTIL EXPORT EARNINGS FROM SUGAR CAN COVER GROWING DEVELOPMENT REQUIREMENTS, THE DOMINICAN REPUBLIC WILL CONTINUE TO NEED CONCESSIONAL FINANCIAL ASSISTANCE. ALSO, IT WILL CONTINUE TO LOOK TO THE U.S. FOR TECHNICAL ASSISTANCE EVEN AS ITS INSTITUTIONS MATURE AND BECOME MORE LIMITED OFFICIAL USE

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PAGE 03 SANTO 01808 181634Z

SOPHISTICATED. HOPEFULLY, THE STUDY OF THE SPECIAL NEEDS OF MIDDLE INCOME COUNTRIES WILL RECOGNIZE THAT WHILE IT MAY BE CONVENIENT TO CATEGORIZE COUNTRIES FOR PURPOSES OF GLOBAL MACRO-PLANNING, THE SPECIFIC PROJECT REQUIREMENTS OF A COUNTRY IN ONE CATEGORY MAY NOT VARY MARKEDLY FROM THOSE IN ANOTHER.

5. I AM EXPRESSING THE VIEWS OF ALL THE MEMBERS OF THIS MISSION IN WELCOMING YOU AND YOUR FIRST SUBSTANTIVE MESSAGE TO THE FIELD. IN US YOU HAVE A RECEPTIVE AUDIENCE AND AN ACTION-ORIENTED TEAM.

DECONTROL FOLLOWING APRIL 18, 1981.

HURWITCH

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Disposition Date: 22 May 2009
Disposition Event:
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